

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT NORTH CAROLINA

In re:

Grata Café, LLC,

Debtor

Case No. B-22-80071
Chapter 11

MOTION TO DISMISS CASE FOR CAUSE

Now comes the United States Bankruptcy Administrator (“BA”), by and through counsel, who respectfully moves the Court to dismiss this case, pursuant to 11 U.S.C. § 1112, and in support thereof, shows the Court:

1. The Debtor filed a Chapter 11 on March 8, 2022. The Debtor is a small business. The Debtor is engaged in business, as the Debtor operates a café which serves patrons for breakfast, brunch, and lunch.
2. Multiple Interim Orders Authorizing the Use of Cash Collateral have been entered in this case.
3. The Debtor has not yet filed a plan or a disclosure statement.
4. In accordance with 11 U.S.C. § 1112(b)(1), on request of a party in interest, and after notice and a hearing, the court shall dismiss a case under this chapter in the best interests of creditors and the estate, for cause.
5. Per 11 U.S.C. § 1112(b)(4), the term “cause” includes (A) the substantial or continuing loss to or diminution of the estate and the absence of a reasonable likelihood of rehabilitation, (I) failure to timely pay taxes owed after the date of the order for relief and (K) failure to pay fees and charges required under chapter 123 of title 28.
6. The Debtor is unable to maintain a viable business without the continued authorization of the use of cash collateral. Therefore, if the Court should not authorize the use of cash collateral, the Debtor would have to cease operations.
7. The Debtor’s post-petition expense are often barely covered by the Debtor’s income. From time to time, the Debtor has had to seek extended terms on its obligations, or has paid obligations, including taxes, late, due to insufficient cash flow.
8. The Debtor has not paid the quarterly fees for the second quarter of 2022, which are past due and owing.

9. The Debtor has initiated several changes in its business, such a menu offerings, social media presence, a name change for the company, and event hosting, yet these changes have not generally positively affected the Debtor's financial viability.

10. Because the Debtor is a break-even operation, the continuing accrual of unpaid attorney fees represents continuing loss and diminution of the estate. Further, a break even operation will be difficulty confirming a feasible plan of reorganization.

WHEREFORE, the United States Bankruptcy Administrator prays that the Debtor's case be dismissed for cause, as there is not a reasonable likelihood of rehabilitation for the business.

This the 1st day of August, 2022.

WILLIAM P. MILLER
U.S. BANKRUPTCY ADMINISTRATOR

By: s/Robert E. Price, Jr.
Robert E. Price, Jr.
Assistant Bankruptcy Administrator
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CERTIFICATE OF SERVICE

This is to certify that the foregoing document was served upon the following on the date set forth below electronically (if registered on CM/ECF) or by depositing a copy of the same in the United States mail, first class, postage prepaid, and addressed as follows:

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August 1, 2022.

By: s/Shannon Gray
Bankruptcy Analyst